

2 November 1983

Comments on State Paper on US-EC Relations

I believe this paper is right on target in its recommendation that "the US has to carry more than its normal, or fair share of the responsibility for seeking resolution of issues (US-EC disputes)." In practical terms this means following a coordinated policy approach toward the Community. At present the US does not appear to have such a policy or, if it does, the policy is ignored. The US has treated the agricultural and steel disputes as distinctly separate issues. From the Community standpoint, however, the actions appear as a coordinated attack, particularly when combined with the Soviet pipeline dispute, the EAA legislation, unitary taxation ruling, and our fiscal and monetary policy stance.

Now that the Europeans are on the defensive -- threatened by our trade policies, Japanese technology, growing LDC competitiveness, and their own sense of economic inadequacy -- the US may increasingly find economic disputes spilling over into political/security matters. If the escalation in economic disagreements is to be contained, the US must make policy decisions within the broader context of overall US-EC relations. As the paper states, this does not mean "doing innately stupid things in the name of transatlantic unity", but

it does mean that cooperation is a two-way street that involves policy compromises. The Europeans face even more severe economic problems than does the US. These pressures will increasingly affect European policy actions. If the alliance is to remain strong, these economic problems must be addressed. We will be in a better position to help/advise Western Europe in dealing with these economic problems if we are perceived as a cooperative economic partner, rather than a belligerent one.



STAT